

Message Text

SECRET

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
-----123046 051410Z /41

O 051400Z APR 78
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC IMMEDIATE 7589

S E C R E T CAIRO 10060

EXDIS

E.O. 11652: GDS
TAGS: PGOV, ECON, EG
SUBJECT: REPORTED KAISSOUNI RESIGNATION

1. WE HEARD REPORT THIS MORNING FROM AMERICAN BUSINESSMAN THAT KAISSOUNI HAD RESIGNED. IN CHECKING, IT DEVELOPED THAT HE WAS NOT AT TODAY'S REGULARLY SCHEDULED CABINET MEETING. HIS OFFICE SIMPLY SAID HE WAS HOME ILL. IT DESCRIBED RESIGNATION STORY AS COMPLETELY BASELESS.

2. FONMIN KAMEL CONFIRMED TO AMBASSADOR THIS AFTERNOON THAT KAISSOUNI HAD INDEED SUBMITTED HIS RESIGNATION. HE THOUGHT, HOWEVER, THAT THE PRESIDENT AND PRIMIN ARE WORKING ON KAISSOUNI TO WITHDRAW IT, AND HE SEEMED REASONABLY CONFIDENT THAT KAISSOUNI WOULD REMAIN IN THE CABINET.

3. ASKED WHY KAISSOUNI HAD SUBMITTED RESIGNATION, KAMEL SAID POOR HEALTH HAD BEEN CITED IN RESIGNATION LETTER AS THE REASON FOR WANTING TO LEAVE. WHILE KAISSOUNI'S HEALTH HAS NOT BEEN GOOD, KAMEL THOUGHT THERE WERE OTHER REASONS AS WELL. FOR EXAMPLE, KAISSOUNI HAD FOUND RECENT SESSIONS WITH PEOPLE'S ASSEMBLY ON PRICE RISES TRYING. HE HAD BEEN ESPECIALLY DISTURBED THAT SIXTY MEMBERS OF GOVT PARTY HAD RAISED QUESTIONS AND OPPOSED HIS EFFORT

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TO RAISE PRICES. ADDITIONALLY, KAMEL INDICATED, KAISSOUNI IS CURRENTLY AT LOGGERHEADS WITH GAMASY. WHILE KAMEL PROFESSED NOT TO KNOW DETAILS, GAMASY WAS FURIOUS THAT KAISSOUNI HAD IN RECENT STATEMENT TO PEOPLE'S ASSEMBLY ATTRIBUTED EGYPT'S ECONOMIC DIFFICULTIES TO HIGH DEFENSE EXPENDITURES (CAIRO 9773). GAMASY WAS ALSO CHARGING THAT KAISSOUNI HAD UTILIZED LARGE SUM OF MONEY RECENTLY RECEIVED

FROM KUWAIT (PRESUMABLY REPORTED RABAT PAYMENT, SEE CAIRO A-188, 12/5/77), WHICH GAMASY CONTENDS WAS INTENDED FOR MILITARY PURPOSES, TO PAY OUTSTANDING GOE DEBT OBLIGATIONS.

4. COMMENT: KAISSOUNI RESIGNATION, IF IT WERE TO TAKE PLACE, WOULD BE GREAT LOSS TO GOE'S IMAGE IN IMF AND IBRD. IT WOULD ALSO DELAY PACE OF NEEDED ECONOMIC REFORMS. HOPEFULLY, SADAT AND SALEM WILL BE ABLE TO PERSUADE HIM STAY ON. EILTS

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NNN

Message Attributes

Automatic Decaptoning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CABINET, PERSONNEL RESIGNATIONS, MINISTERS (DIPLOMATS)
Control Number: n/a
Copy: SINGLE
Draft Date: 05 apr 1978
Decapton Date: 20 Mar 2014
Decapton Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978CAIRO10060
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780147-0106
Format: TEL
From: CAIRO
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780491/aaaaczmz.tel
Line Count: 71
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 06027db6-c288-dd11-92da-001cc4696bcc
Office: ACTION SS
Original Classification: SECRET
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: EXDIS
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 13 jun 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3072657
Secure: OPEN
Status: NATIVE
Subject: REPORTED KAISSOUNI RESIGNATION
TAGS: PGOV, ECON, EG, (AL-KAISSOUNI, ABD AL-MUN'IM)
To: STATE
Type: TE
vdkgvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/06027db6-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014